

STANDARD INDUSTRIES LTD.

ANNUAL REPORT, MARCH 31, 1974

SUPPLIERS OF BASIC CONSTRUCTION MATERIALS

The Company

Standard Industries Ltd. is one of the largest concerns in Canada producing and marketing sand and gravel, asphalt mixes, ready-mix concrete, concrete pipe and block, and other pre-cast concrete products; it also includes street paving and road-building in its activities.

The company's products are the basic materials indispensable to all kinds of building — houses, apartments, factories, stores, hospitals, offices, roads, bridges, sewers, drains, water lines and almost every other type of construction.

The company's principal market area is in heavily-populated southern Ontario, from Kingston in the east through Oshawa, Toronto, Hamilton, the Niagara Peninsula, London and other centres to Windsor in the west. Other markets served are the North Bay area of Ontario, and the province of Nova Scotia.

The company is publicly owned by 1,291 shareholders, including Canada Cement Lafarge Ltd. and C. A. Pitts Engineering Construction Limited (holding approximately 49% and 22% respectively). The shares are listed on the Toronto Stock Exchange. Dividends have been paid in every fiscal year since 1948.

Standard Industries Ltd.

Annual Report March 31, 1974

(formerly Standard Paving & Materials, Limited)

1224 Lawrence Avenue West, Toronto, Ontario M6A 1E4

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Annual Meeting

Shareholders are cordially invited to attend the annual meeting of shareholders of the company, which will be held on Thursday, June 13, 1974 at 11:00 a.m. in the Library, the Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Valuation Day Value

For the purpose of calculating income tax on capital gains, the value of the company's shares as established December 22, 1971 is \$3.83 $\frac{1}{3}$ per share.

Facts at a Glance

	March 31 1974	March 31 1973
Earnings and Dividends		
Income (before extraordinary profits)	\$ 4,121,000	\$ 2,590,000
Per share	\$1.32	\$0.84
Extraordinary profits	16,000	2,325,000
Per share	0.01	0.75
Net income	4,137,000	4,915,000
Per share	1.33	1.59
Dividends to shareholders	1,266,000	772,000
Per share	0.40½	0.25

Other Financial

Sales	\$63,432,000	\$53,377,000
Capital investment during the year	9,871,000	7,610,000
Working capital at year end	6,234,000	4,203,000

Statistical

Number of employees —		
mid-year	1,576	1,526
year end	1,064	972
Number of shareholders, year end	1,291	1,355

Highlights of the year to March 31, 1974

Income (before extraordinary profits) again reached a record level — 57% above last year. We have expanded and diversified our participation in an active market for basic construction materials.

Quarterly dividend payments were raised twice during the year — from 8¢ to 10¢ last November, and again to 12½¢ with the dividend declared March 7 and paid May 3, 1974.

Capital investment during the year included the purchase of two new subsidiaries — a concrete block manufacturer in Kingston and an aggregates operation in London. Major investments have been made in new asphalt-mix and concrete products manufacturing plants, and in the purchase of additional gravel reserves.

A new name — Standard Industries Ltd. — was adopted on January 1, in recognition of the wide range of manufacturing and supply operations now carried on.

The company's financial strength was maintained and working capital increased through additional bank term financing.

We expect that earnings in the year to March 31, 1975 will be satisfactory.

HUGH F. GRIGHTMIRE
President
and
T. A. WILCOX
Executive Vice-President



Report to the Shareholders

Earnings continue to increase

The past year was one of continuing growth in earnings for the company. Income (before extraordinary profits) of \$4,121,000 amounted to \$1.32 per share, 57% more than last year's 84¢. Improved productivity, increased volume, and contributions from new acquisitions more than offset increased wage and salary rates and higher costs of materials and services. Selling prices overall were a little higher than the previous year, with average prices of asphalt and block being unchanged, and other products showing increases in the range of 4% to 6%. Interest costs increased by \$256,000, reflecting higher interest rates and more borrowing to support capital expansion, which in turn resulted in depreciation and depletion charges \$735,000 more than last year.

Demand for aggregates grows but reserves not keeping pace

Most of our aggregates plants have been operating virtually at capacity for the past season, with no sign as yet of any lessening in demand. Our reserves (and those of other producers) in the areas from which aggregates can at present be economically transported to major markets, are being rapidly depleted. The present restrictions imposed by provincial and municipal authorities on the opening up of new pits and quarries have effectively sterilized large potential reserves, and unless these policies can be changed soon, valuable pit and quarry lands close to major markets are likely to be irrevocably diverted to other uses. This will greatly increase the cost of aggregates to the consumer because of the higher transportation cost and investment that will be needed to bring in material from remoter areas and to provide transshipment facilities from rail to truck close to the main market areas.

Asphalt-mix capacity expanded

Environmental requirements for dust and pollution control have greatly increased the cost of asphalt plants and have made many small older plants uneconomic. In response to this trend, our new high-capacity plant opened in Hamilton a year ago and has operated very successfully this past season. We expect that a similar plant just opened in the Toronto core area will be just as successful. We are building another large new plant in Halifax, and are planning further expansion of asphalt-mix capacity in other areas.

Ready-mixed concrete prices rise, market steady

The demand for concrete showed steady growth in most of our market areas with cement continuing to be in good supply. Improved productivity enabled us to contain price increases and improve profit margins in the face of higher labour and material costs.

Market for concrete pipe and precast products strong

Sales of concrete pipe and precast products continued the upward trend of the previous two years, stimulated by increased housing and sub-division activity and greater anti-pollution requirements of public works authorities. Problems were caused by shortages and price increases in steel for pipe reinforcement but these are now lessening. Additional capacity came on stream during the year which enabled us to meet all customer needs for our products.

Paving and road-building results improve

Our policy in this type of work is to seek only small and medium size contracts within the areas in which we operate. Work available increased last year in most of our markets, resulting in a considerable increase in earnings, which are at a margin comparable with our construction materials operations.

Capital investment reaches record level

Capital investment of \$9,871,000 rose 30% above the previous year, itself a record in the company's history. Growth projects accounted for \$5,000,000 of the total, including the purchase of Marker Building Materials (Cataraqui) Limited, concrete block manufacturers in Kingston, and J. F. Marshall & Sons Limited, sand and gravel producers in London, new high-capacity asphalt plants in Toronto and Halifax, a mixing and bagging plant in Toronto for dry-mix products, and the purchase of gravel deposits for eventual development to meet expected long-term requirements.

Upgrading and renewal of manufacturing and production plants, equipment fleets and gravel reserves accounted for the remaining capital investment, including ready-mix trucks, which now comprise 287 units, 200 of them purchased in the last four years, front-end loaders and other mobile equipment, paving and road-building machinery and improvements to fixed plants.

Employees contribute essential skills

Our peak employment during the year was 1,576, although by year-end this had fallen to 1,064 due to the seasonal nature of our operations. Total payrolls amounted to \$16,600,000, compared with \$14,450,000 in the previous year. Nothing is more essential to the success of the company than the experience, effort and skill of its employees; the results for the year demonstrate their effectiveness in applying their abilities. Substantially all our hourly-paid employees are members of labour unions having collective agreements with the company. Agreements which expired in April have been renewed for two years, and negotiations are in progress on another agreement due for renewal in May.

Satisfied customers keep our company in business, and the maintenance of service to them is an overriding priority. Pictured at page 5 is a cross-section of the many employees who keep our service at a high level.

Shareholders' equity and dividends increase

Shareholders' equity reached \$23,344,000 at March 31, 1974, equivalent to \$7.42 per share. This is a 12% increase from the year-earlier figure of \$20,416,000 or \$6.60 per share.

Dividends declared in the 1974 fiscal year amounted to 40½¢ per share, 62% more than the previous year's 25¢. This payout represents in both years about 30% of income before extraordinary profits.

Movement of your company's stock price in the ten years to March 31, 1974 is shown in the chart at page 15.

During the year C. A. Pitts Engineering Construction Limited increased its shareholding to 22% of the company's issued shares by a public tender offer to all shareholders at a price of \$10 a share.

New corporate name fits wider operations

On October 25, 1973 the shareholders approved the new name *Standard Industries Ltd.* for the company and it was introduced on January 1, 1974 to replace the former name, Standard Paving & Materials, Limited, which had been in continuous use since 1929.

The new name retains the goodwill and industry associations surrounding the name *Standard*, while embracing in the term *Industries* the much wider range of manufacturing and supply operations now carried on by the company and its subsidiaries.

Continued growth forecast for coming year

Projections of construction activity in our main market areas during the coming season point to a high level of industrial, commercial and engineering construction but a possible falling off in residential building.

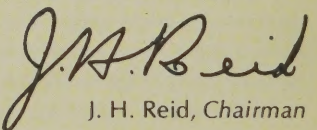
Barring any major crisis in the Canadian economy, the coming year should be another period of continuing growth for your company, although at a less dynamic rate than has been achieved in the past three years.

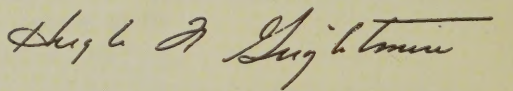
Acknowledgements

In January 1974 the board accepted with regret the resignation of Mr. I. L. Jennings as a director, and wish to express their appreciation of his valued services to the company in that position; Mr. Jennings continues in the office of vice-president of the company. Mr. James D. Jarrell, senior vice-president, administration, of C. A. Pitts Engineering Construction Limited, an experienced member of Pitts' highly successful management team, was appointed to the resulting vacancy on the board.

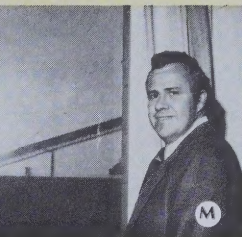
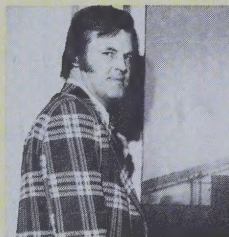
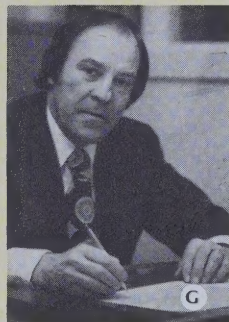
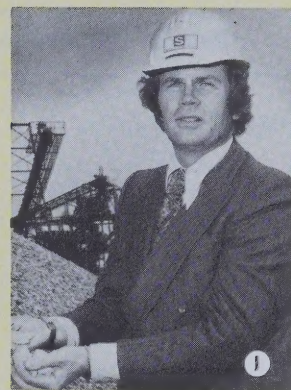
In conclusion, we wish to express our appreciation to all employees and our thanks to customers, suppliers and shareholders for their contributions, both individually and collectively, to another successful year of operation.

On behalf of the board of directors,


J. H. Reid, Chairman

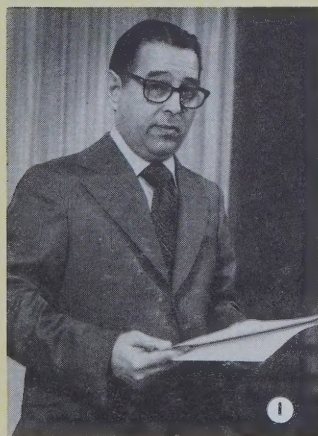
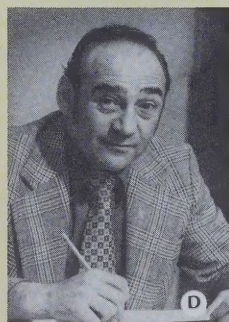
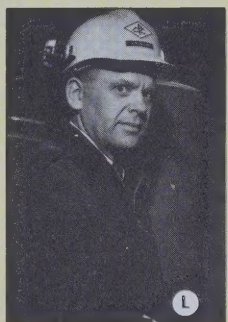

Hugh F. Grightmire, President

- A** EVAN LEUTY AND ROSS EMBY,
Operations Manager and Sales
Manager, McCord & Company.
- B** ART BLANCHARD, Director
Municipal Operations, and
DAN ARBING, Director
Highway Operations, Standard
Paving Maritime Limited.
- C** SUSAN SEGGRAM,
Receptionist, Corporate office.
- D** ED PASKA,
Hamilton District Manager,
Standard Paving Company.
- E** RON JOHNSON,
Plant maintenance and
construction supervisor,
Red-D-Mix Concrete Company.
- F** NEIL ROE,
Sales Manager, Consolidated
Sand & Gravel Company.
- G** FRANK MURPHY,
Sales Manager,
Red-D-Mix Concrete Company.
- H** JANET PHILLIPS,
Sales Expeditor, Consolidated
Sand & Gravel Company.
- I** GEORGE DOVEY,
General Credit Manager,
Corporate office.
- J** BILL GRIFFITHS,
Operations Manager,
Consolidated Sand & Gravel
Company.



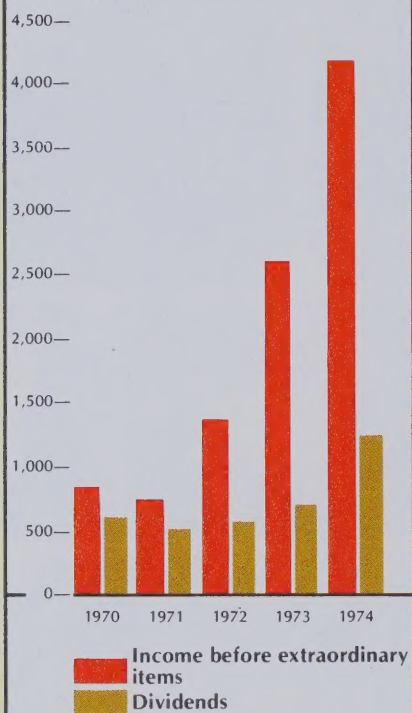
Service to Customers

- K** FLEMMING HELLUM,
GEORGE SHIRTON
AND BUD TUSHINGHAM,
Guelph Superintendent,
General Manager
and Sales Manager,
Oaks Precast Industries Ltd.
- L** KARL SCHNEIDER,
Mississauga Superintendent,
Concrete Pipe Company.
- M** ED McMENAMIN
AND WILF GRAY,
Operations Manager and
Sales Manager,
Concrete Pipe Company.



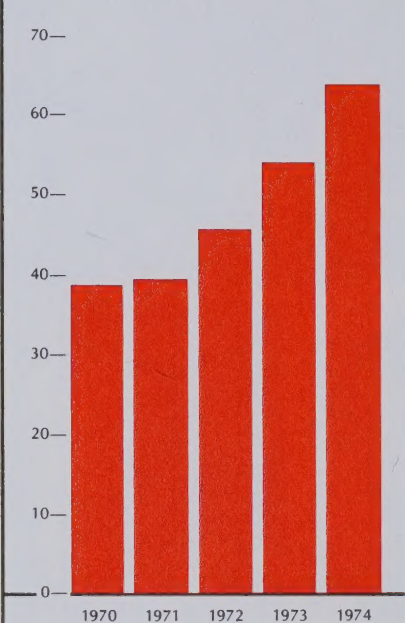
INCOME AND DIVIDENDS

(Thousands of Dollars)



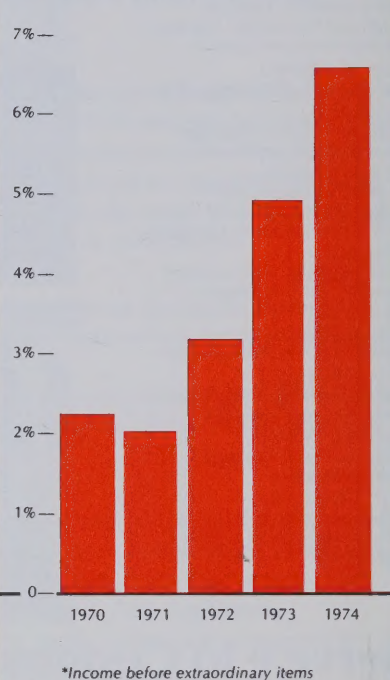
SALES

(Millions of Dollars)



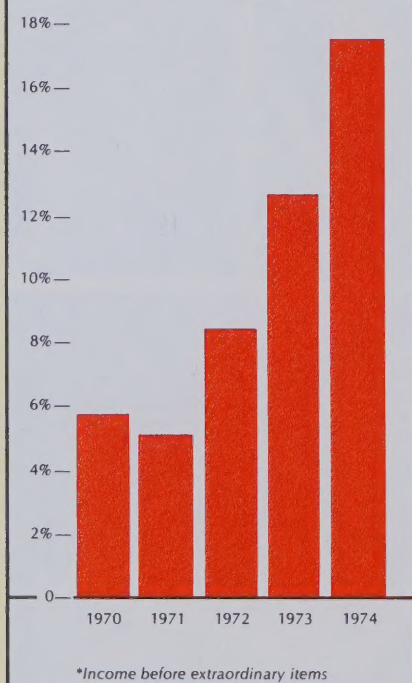
RETURN ON SALES

(Income* as per cent of sales)



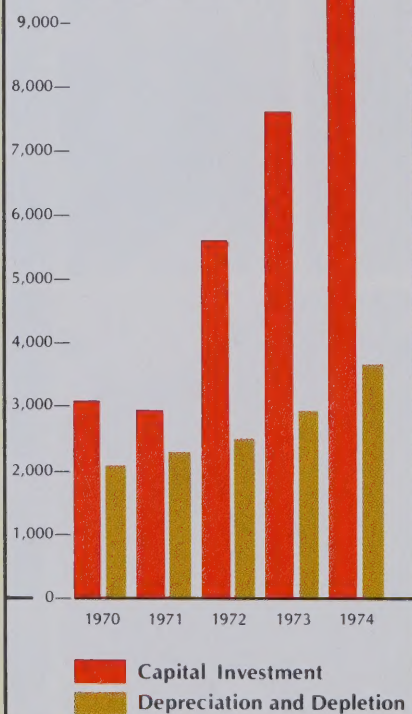
RETURN ON SHAREHOLDERS' EQUITY

(Income* as per cent of shareholder's equity)



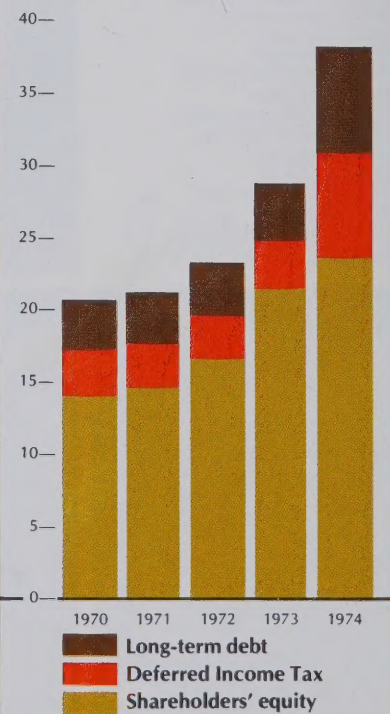
CAPITAL INVESTMENT AND DEPRECIATION

(Thousands of Dollars)



COMPOSITION OF INVESTED CAPITAL

(Millions of Dollars)



Consolidated Income

Year ended March 31, 1974

	In Thousands of Dollars	
	1974	1973
Revenue		
Sales and contract revenue	\$63,432	\$53,377
Income from investments	468	292
	<u>63,900</u>	<u>53,669</u>
Expense		
Cost of sales and operating expenses	48,349	41,820
Administration and selling	3,868	3,749
Depreciation and depletion	3,643	2,908
Interest on long-term debt	540	330
Other interest expense	78	32
	<u>56,478</u>	<u>48,839</u>
Income before Income Taxes and Extraordinary Items	7,422	4,830
Income taxes (note 4)	3,301	2,240
Income before Extraordinary Items	4,121	2,590
<i>Per share</i>	<i>1.32</i>	<i>.84</i>
Profit on disposal of properties (1973 net of income taxes of \$309,000)	16	2,205
Profit on disposal of shares of subsidiary company	—	120
Net Income	\$ 4,137	\$ 4,915
<i>Per share</i>	<i>1.33</i>	<i>1.59</i>

**Consolidated Retained
Earnings**

Year ended March 31, 1974

Retained earnings at beginning of year	\$17,019	\$13,200
Net income	4,137	4,915
Dividends	(1,266)	(772)
<i>Per share</i>	<i>.40½</i>	<i>.25</i>
Excess of cost of shares of subsidiary companies and associated companies over book value of underlying assets (note 7(b))	(109)	(324)
Retained Earnings at end of year	\$19,781	\$17,019

Consolidated Financial Position

March 31, 1974

	In Thousands of Dollars	
	1974	1973
Current Assets		
Cash and short-term investments at cost which approximates market	\$ 6,173	\$ 3,464
Receivables	7,847	6,771
Inventories, valued at the lower of cost and net realizable value —		
Finished materials and products	2,456	2,050
Raw materials and supplies	1,092	574
Prepaid expenses	634	562
	<u>18,202</u>	<u>13,421</u>
Current Liabilities		
Accounts payable and accrued	7,443	6,490
Dividends payable	393	248
Income taxes	2,450	1,354
Long-term debt, current portion	1,682	1,126
	<u>11,968</u>	<u>9,218</u>
Working Capital	6,234	4,203
Mortgages Receivable , less current portion included with receivables	1,096	1,259
Investment in Associated Companies (note 1(b))	176	13
Property, Plant and Equipment , at cost less accumulated depreciation and depletion (note 2)	30,339	23,383
	<u>37,845</u>	<u>28,858</u>
Deduct:		
Long-term debt — secured (note 3)	8,532	4,085
Deferred income taxes (note 1(c))	5,969	4,357
	<u>14,501</u>	<u>8,442</u>
Shareholders' Equity	<u>\$23,344</u>	<u>\$20,416</u>
Derived from:		
Capital stock (note 6)		
Authorized — 4,000,000 common shares of no par value		
Issued — 3,147,888 shares (1973: 3,093,888 shares)	\$ 3,563	\$ 3,397
Retained earnings	19,781	17,019
Total Shareholders' Equity	<u>\$23,344</u>	<u>\$20,416</u>

Approved by the Board:

J. H. REID, Director.

HUGH F. GRIGHTMIRE, Director.

Consolidated Source and Application of Funds

Year ended March 31, 1974

	In Thousands of Dollars	
	<u>1974</u>	<u>1973</u>
Source of Funds		
Income before extraordinary items	\$ 4,121	\$ 2,590
Depreciation and depletion	3,643	2,908
Deferred income taxes	1,213	752
Funds from operations	8,977	6,250
Mortgages receivable, reduction in non-current portion	539	606
Increase in long-term debt	5,113	1,694
Profit on disposal of properties	16	2,205
Exercise of officer's share purchase option	166	65
Income taxes provided last year and now deferred (note 4)	163	—
Profit on disposal of shares of subsidiary company	—	120
	<u>14,974</u>	<u>10,940</u>
Application of Funds		
Additions to property, plant and equipment, net	7,977	6,388
Purchase of shares of subsidiary companies and associated companies, adjusted for working capital of subsidiaries at the date of acquisition	1,894	1,222
Capital investment	9,871	7,610
Dividends	1,266	772
Reduction in long-term debt	1,572	1,018
Increase in mortgages receivable	234	1,306
Option deposit applied	—	598
	<u>12,943</u>	<u>11,304</u>
Increase (decrease) in Working Capital	2,031	(364)
Working capital at beginning of year	4,203	4,567
Working capital at end of year	<u>\$ 6,234</u>	<u>\$ 4,203</u>

Auditors' Report

To the Shareholders of
Standard Industries Ltd.

We have examined the consolidated financial statements, appearing on pages 7 through 11, of Standard Industries Ltd. and subsidiary companies for the year ended March 31, 1974. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
May 1, 1974

THORNE GUNN & CO.,
Chartered Accountants

Notes to Financial Statements

March 31, 1974

Note 1. Accounting Policies

a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Standard Industries Ltd. and its subsidiaries, which are all wholly owned.

During the year the company acquired all the outstanding shares of Marker Building Materials (Cataragui) Limited, Kingston, Ontario; J. F. Marshall & Sons Limited and Marstead Limited, both of London, Ontario. The purchase accounting method has been used for these acquisitions and their operations have been included from the dates of acquisition (July 28, 1973 in the case of "Marker" and August 30, 1973 in the case of the other two companies) in the accompanying consolidated statement of income, retained earnings, and source and application of funds.

b) Investment in Associated Companies (50% or less owned)

Investments where the company exercises a significant influence over operating and financial policies are accounted for on the equity method. Under the equity method, the company's share of the net income of these associated companies is included in consolidated income each year rather than when realized through dividends, and the company's investments in these associated companies are carried in the consolidated financial position at the underlying book value at the date of acquisition plus the company's share of undistributed earnings since acquisition.

The company's one-third interest in National Slag Limited continues to be carried at cost, and dividends are included in consolidated income when received.

c) Deferred Income Taxes

The company uses the tax allocation method of providing for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenues and expenses reflected in the financial statements in one year are considered for tax purposes in another year) result in increases or decreases in deferred income taxes.

d) Interim Financial Reports

Depreciation, depletion, repair and overhaul and other fixed overhead costs are provided for on an annual basis in relation to anticipated sales volume for the year and are charged against operations based on the sales volume during each interim period.

e) Depreciation and Depletion

Buildings, plant and equipment are depreciated over their estimated useful lives (buildings 25 years, plant and equipment 5 to 15 years) on a straight line basis. Aggregate deposits as sources of material are depleted over their estimated useful lives on the basis of quantities extracted.

Note 2. Property, Plant and Equipment

	In Thousands of Dollars	
	1974	1973
Land and aggregate properties	\$ 9,350	\$ 6,798
Buildings, plant and equipment	43,742	37,029
	53,092	43,827
Less accumulated depreciation and depletion	22,753	20,444
	<u>\$30,339</u>	<u>\$23,383</u>

Note 3. Long-term Debt — Secured

	In Thousands of Dollars	
	1974	1973
Bank term loans due 1974/1981 (interest at 1.2% over prime rate — weighted average)	\$ 5,833	\$ 3,083
Mortgages payable, due 1974/1984 (interest at 7.2% — weighted average)	4,381	2,128
	<u>10,214</u>	<u>5,211</u>
Less current portion	1,682	1,126
	<u>\$ 8,532</u>	<u>\$ 4,085</u>

Long-term debt matures as follows in the years ending March 31, 1975 \$1,682,000; 1976 \$1,856,000; 1977 \$1,752,000; 1978 \$1,345,000; 1979 \$1,370,000.

Note 4. Income Taxes

The reduced rates of federal income tax and the accelerated depreciation write-offs available to manufacturers and processors have been used throughout the year. As this tax legislation was made retroactive to include the last quarter of the company's 1973 fiscal year, income taxes of \$163,000 provided last year have been transferred to deferred income taxes as a result of additional depreciation claimed for tax purposes. Lower federal tax rates on manufacturing and processing income reduced the 1974 provision by approximately \$350,000.

Through the application of special tax credits based on the acquisition of new plant and equipment, 1973 provincial income taxes were reduced by \$120,000.

Note 5. Pension Plan

The company's share of the unfunded past service liabilities of the company's pension plans amounts to \$271,000 to be funded over 16 years.

Note 6. Capital Stock

During the year, an option to purchase 54,000 shares was exercised for an aggregate cash consideration of \$166,000. There are now no outstanding options to purchase shares of the company.

Note 7. Other Statutory Information

- a) Total direct remuneration of directors and senior officers amounted to \$370,000 (\$269,000 in 1973).
- b) In connection with the purchase of the shares of Marker Building Materials (Cataraqui) Limited, J. F. Marshall & Sons Limited, Marstead Limited and the shares of associated companies:

	In Thousands of Dollars	
Total net assets acquired at book value		\$1,025
Adjustment of net assets to fair value		816
Outside interests in net assets of associated companies		(153)
Excess of cost of shares of above companies over the fair value assigned to the net assets acquired. (This amount has been written off to consolidated retained earnings)		109
		<u>\$1,797</u>
Total net assets acquired:		
for cash	\$ 716	
by assumption of long-term debt secured by mortgage agreements due 1974/1982	<u>1,081</u>	<u>\$1,797</u>

Financial Summary

(in thousands of dollars —
except per share amounts)

Years ended March 31

	1974	1973	1972
Income			
Sales and contract revenue	<u>63,432</u>	<u>53,377</u>	<u>45,251</u>
Income before extraordinary item	<u>4,121</u>	<u>2,590</u>	<u>1,381</u>
Profit on disposal of properties and shares	<u>16</u>	<u>2,325</u>	<u>545</u>
Net income	<u>4,137</u>	<u>4,915</u>	<u>1,926</u>
Financial Position			
Working capital	<u>6,234</u>	<u>4,203</u>	<u>4,567</u>
Fixed assets — net	<u>30,339</u>	<u>23,383</u>	<u>18,866</u>
Other assets	<u>1,272</u>	<u>1,272</u>	<u>573</u>
	<u>37,845</u>	<u>28,858</u>	<u>24,006</u>
Long-term debt	<u>8,532</u>	<u>4,085</u>	<u>3,408</u>
Deferred income taxes	<u>5,969</u>	<u>4,357</u>	<u>3,467</u>
Deposit on optioned property			<u>598</u>
	<u>14,501</u>	<u>8,442</u>	<u>7,473</u>
Shareholders' equity	<u>23,344</u>	<u>20,416</u>	<u>16,533</u>
Source and Application of Funds			
Income before extraordinary item	<u>4,121</u>	<u>2,590</u>	<u>1,381</u>
Depreciation and depletion	<u>3,643</u>	<u>2,908</u>	<u>2,351</u>
Deferred income taxes	<u>1,213</u>	<u>752</u>	<u>807</u>
Funds from operations	<u>8,977</u>	<u>6,250</u>	<u>4,539</u>
Profit on disposal of properties and shares	<u>16</u>	<u>2,325</u>	<u>545</u>
Long-term debt increase (decrease)	<u>3,541</u>	<u>676</u>	<u>495</u>
	<u>12,534</u>	<u>9,251</u>	<u>5,579</u>
Capital investment	<u>9,871</u>	<u>7,610</u>	<u>5,562</u>
Dividends	<u>1,266</u>	<u>772</u>	<u>538</u>
Mortgages receivable increase (decrease)	<u>(305)</u>	<u>700</u>	<u>366</u>
Other	<u>(329)</u>	<u>533</u>	<u>(598)</u>
	<u>10,503</u>	<u>9,615</u>	<u>5,868</u>
Increase (decrease) in working capital	<u>2,031</u>	<u>(364)</u>	<u>(289)</u>
Per Share*			
Income before extraordinary item	<u>1.32</u>	<u>.84</u>	<u>.45</u>
Profit on disposal of properties and shares	<u>.01</u>	<u>.75</u>	<u>.18</u>
Net income	<u>1.33</u>	<u>1.59</u>	<u>.63</u>
Dividends	<u>.40½</u>	<u>.25</u>	<u>.17½</u>

*Reflecting the 3 for 1 share split approved on November 22, 1972.

<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
<u>39,864</u>	<u>39,652</u>	<u>42,865</u>	<u>36,796</u>	<u>40,925</u>		
781	871	1,202	250	142	1,149	1,005
	1,013	28	861		236	
<u>781</u>	<u>1,884</u>	<u>1,230</u>	<u>1,111</u>	<u>142</u>	<u>1,385</u>	<u>1,005</u>
4,856	4,632	4,823	3,789	2,004	2,795	5,049
15,655	14,907	13,928	11,088	12,189	11,573	7,396
207	927	191	344	222	152	
<u>20,718</u>	<u>20,466</u>	<u>18,942</u>	<u>15,221</u>	<u>14,415</u>	<u>14,520</u>	<u>12,445</u>
2,913	2,992	2,805	1,064	1,081	1,075	39
2,660	2,598	2,479	1,525	1,608	1,220	675
5,573	5,590	5,284	2,589	2,689	2,295	714
<u>15,145</u>	<u>14,876</u>	<u>13,658</u>	<u>12,632</u>	<u>11,726</u>	<u>12,225</u>	<u>11,731</u>
781	871	1,202	250	142	1,149	1,005
2,177	2,026	1,685	1,763	1,729	1,820	1,177
62	405	954	(41)	387	546	327
3,020	3,302	3,841	1,972	2,258	3,515	2,509
	1,013	28	861		236	
(80)	187	1,742	(17)	5	914	(1)
<u>2,940</u>	<u>4,502</u>	<u>5,611</u>	<u>2,816</u>	<u>2,263</u>	<u>4,665</u>	<u>2,508</u>
2,925	3,006	4,524	675	2,345	6,142	1,842
512	666	205	205	640	666	512
(720)	735	(29)	121	(65)	111	
	286	(123)	30	134		189
<u>2,717</u>	<u>4,693</u>	<u>4,577</u>	<u>1,031</u>	<u>3,054</u>	<u>6,919</u>	<u>2,543</u>
<u>223</u>	<u>(191)</u>	<u>1,034</u>	<u>1,785</u>	<u>(791)</u>	<u>(2,254)</u>	<u>(35)</u>
.25	.28	.39	.08	.05	.37	.33
	.33	.01	.28		.08	
.25	.61	.40	.36	.05	.45	.33
<u>.16^{2/3}</u>	<u>.21^{2/3}</u>	<u>.06^{2/3}</u>	<u>.06^{2/3}</u>	<u>.20^{5/6}</u>	<u>.21^{2/3}</u>	<u>.16^{2/3}</u>

Financial Review

Quarterly sales and earnings

Quarterly sales and earnings, which fluctuate because of the seasonal nature of the company's business, are shown in the following tabulations for the past five years —

Quarterly sales (\$'000)	1974	years ended March 31			
		1973	1972	1971	1970
June 30	16,015	12,283	12,622	10,744	9,797
Sept. 30	20,946	18,575	15,472	13,072	14,081
Dec. 31	16,604	14,534	12,112	10,481	10,948
March 31	9,867	7,985	5,045	5,567	4,826
Year	63,432	53,377	45,251	39,864	39,652

Quarterly earnings* (cents per share)	1974	years ended March 31			
		1973	1972	1971	1970
June 30	30c	12c	6c	6c	2c
September 30	37	31	10	4	8
December 31	40	25	21	10	12
March 31	25	16	8	5	6
Year	\$1.32	84c	45c	25c	28c
Earnings*/sales	6.5%	4.9%	3.1%	2.0%	2.2%

(*before extraordinary item)

Dividends

Dividends per share declared during the year ended March 31, 1974 amounted to 40¹/₂c per share, as shown by the following tabulation, with comparisons for the previous year —

Year to March 31, 1974		1973	
Date declared	Date paid		
May 10, 1973	Aug. 3, 1973	8c	5c
Sept. 26, 1973	Nov. 5, 1973	10	6
Nov. 22, 1973	Feb. 5, 1974	10	6
March 7, 1974	May 3, 1974	12 ¹ / ₂	8
Year		40 ¹ / ₂ c	25c

Income Taxes

Income taxes for the year to March 31, 1974 represented 44.5% of income before taxes, compared with 46.4% in the previous year. The 1974 rate reflects the impact of the tax reductions made available to manufacturers and processors by the Federal Government. The previous year's rate would have been higher but for special tax credits granted in that year by the Ontario Government. Tax deferments resulting from the Federal Government's accelerated capital cost allowance programme contributed to the increased deferment of income taxes in

1974. All these tax savings and deferments have gone directly into increased capital investment for future growth and creation of additional employment.

Working capital

The year closed with working capital at \$6,234,000, up \$2,031,000 from March 31, 1973. A strong flow of funds from earnings was augmented by income tax deferments of \$1,213,000, by \$3,500,000 of 7 year bank term loans at interest rates fluctuating with the prime rate, and other borrowing, to finance a record capital investment programme and further strengthen the working capital position while meeting debt maturities.

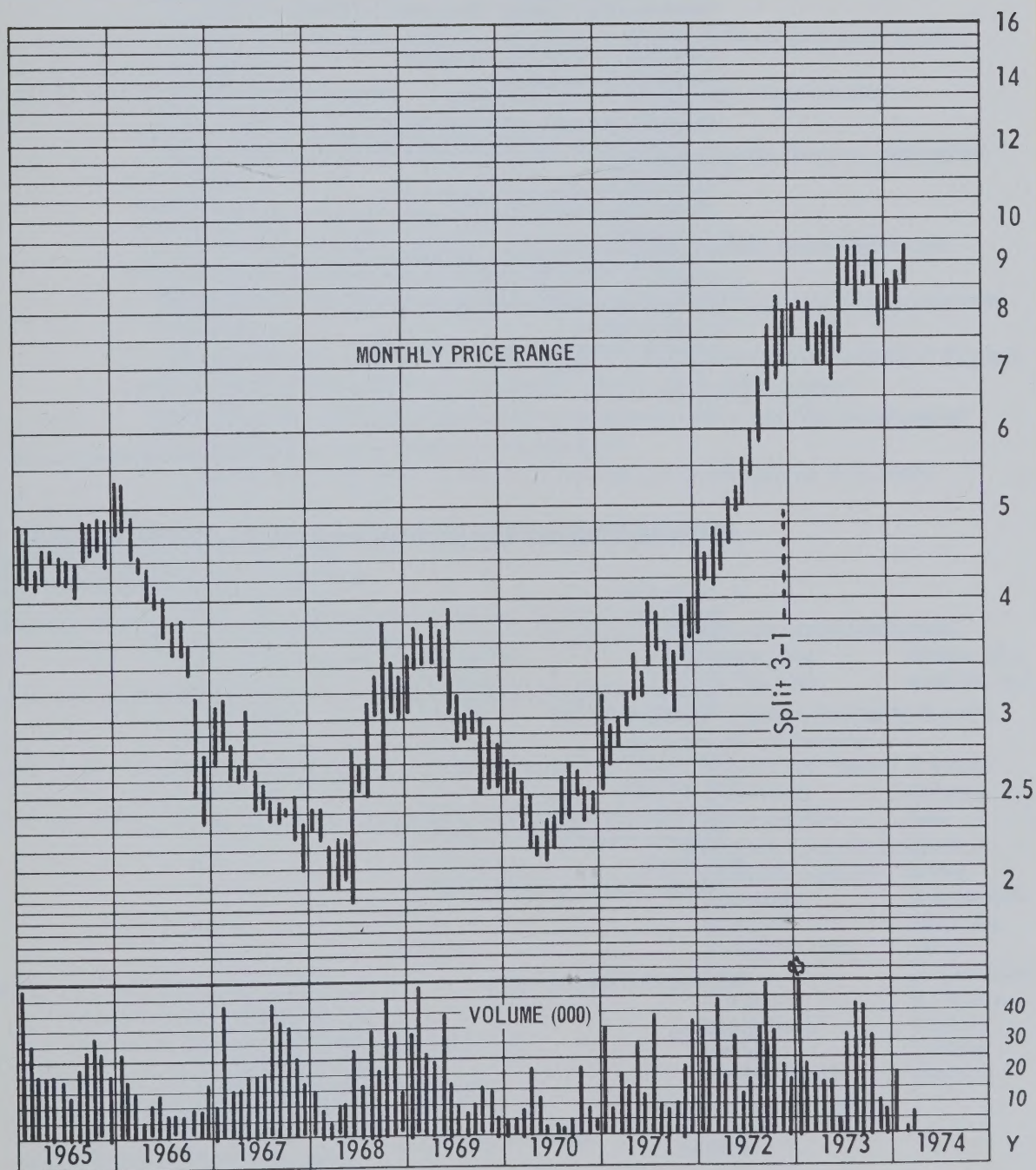
Cash balances built up to \$6,173,000 at year-end (up from \$3,464,000 a year earlier). Year-end cash depletes rapidly as the season develops, and bank credits are required to finance the high level of receivables generated at the peak of operations in late summer and fall.

Accounts receivable increased to \$7,847,000 from \$6,771,000 a year earlier, with higher sales being partly offset by improved payments from customers. Inventories at \$3,548,000 (last year \$2,624,000) reflect the wider range of the company's operations, the requirements of an increased volume of business, and inflationary increases in materials costs. Accounts payable and the liability for income taxes both increased, in line with the greater volume of business and earnings, and the heavy year-end capital expenditure programme.

Long-term debt

Long-term debt (excluding current portion) at \$8,532,000 increased from \$4,085,000 the year before. The increase mainly reflects the term borrowing already referred to together with debt assumed in connection with the new subsidiaries acquired during the year. The ratio of shareholders' equity to long-term debt at year-end stood at 2.7 to 1, compared with 5.0 to 1 at the previous year-end.

Monthly price range and trading volume of the company's shares 1965 to 1974



Directors, Officers and Management

DIRECTORS

- S. C. COOPER
*President of C. A. Pitts Engineering
Construction Limited*
- HUGH F. GRIGHTMIRE
President of the Company
- J. B. HANLY
*Consultant — former Vice-President of
Canada Cement Lafarge Ltd.*
- J. D. JARRELL
*Senior Vice-President, Administration of
C. A. Pitts Engineering Construction Limited*
- P. JONGENEEL
*Senior Vice-President and Treasurer of
Canada Cement Lafarge Ltd.*
- D. G. LAWSON
President of Moss Lawson & Co. Limited
- J. H. REID
Chairman of the Board of the Company
- T. H. STEVENSON
President of Permanent Concrete Company

OFFICERS

- J. H. REID
Chairman of the Board
- HUGH F. GRIGHTMIRE
President
- T. A. WILCOX
Executive Vice-President
- T. D. JONES
Vice-President and Secretary-Treasurer
- A. H. BAXTER
Vice-President
- E. F. FORD
Vice-President
- I. L. JENNINGS
Vice-President
- M. E. McRAE
Vice-President
- C. C. MOYER
Vice-President
- R. F. TITUS
Vice-President
- G. H. HAWKETT
Comptroller
- E. J. HADDEN
Assistant Secretary-Treasurer

MANAGEMENT OF SUBSIDIARIES AND DIVISIONS

- A. H. BAXTER
*Red-D-Mix Concrete Company, Standard Paving Company, North Bay Concrete &
Supply Company, E. V. Breckon Limited*
- E. F. FORD
*McCord & Company, York Block and Building Supply, Marker Building Materials
(Cataragui) Limited*
- M. E. McRAE
Concrete Pipe Company, Oaks Precast Industries Limited, Oaks Transport Limited
- C. C. MOYER
*Consolidated Sand & Gravel, Company, J. F. Marshall & Sons Limited, Jiffy Dry-Mix
Concrete Products Ltd.*
- R. F. TITUS
Standard Paving Maritime Limited

Registrar and Transfer Agents

Auditors

Bankers

CANADA PERMANENT TRUST COMPANY
20 Eglinton Ave. W., Toronto

THORNE GUNN & CO.
Chartered Accountants
Royal Trust Tower
Box 262, Toronto Dominion Centre
Toronto, Ontario

CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF NOVA SCOTIA
ROYAL BANK OF CANADA

Corporate Organization

STANDARD INDUSTRIES LTD.

carries on business through its operating divisions and subsidiaries —

OPERATING DIVISIONS

Consolidated Sand & Gravel, Company — *production of sand and gravel, and asphalt mixes.*

McCord & Company — *ready-mixed concrete in the Toronto Metropolitan area and Oshawa.*

Red-D-Mix Concrete Company — *ready-mixed concrete in Hamilton, North Bay and south-west Ontario, and asphalt mixes.*

York Block and Building Supply — *manufacture of concrete block and sale of builders' supplies.*

Concrete Pipe Company — *manufacture of concrete pipe and related products.*

Standard Paving Company — *paving and road-building.*

North Bay Concrete and Supply Company — *production of sand and gravel, and asphalt mixes.*

SUBSIDIARIES (WHOLLY OWNED)

E. V. Breckon Limited — *hauls liquid asphalt and other materials for asphalt mix and ready-mix concrete producers in south-central Ontario.*

Jiffy Dry-Mix Concrete Products Ltd. — *manufacture of bagged dry-mix concrete and other products.*

Marker Building Materials (Cataraqui) Limited — *manufacture of concrete block in Kingston.*

J. F. Marshall & Sons Limited — *production of sand and gravel in London.*

Oaks Precast Industries Limited and Oaks Transport Limited — *manufacture of precast concrete manholes and precast specialty items.*

Standard Paving Maritime Limited — *paves streets and builds roads in Nova Scotia.*

Products and Locations

SAND AND GRAVEL PLANTS

Paris, Ont. (2 plants)	Stouffville
Guelph	Pickering
London, Ont.	North Bay
Mono Mills	

ASPHALT MIX PLANTS

Paris, Ont.	Toronto (2 plants)
Guelph	Hamilton (2 plants)
Pickering	North Bay
Halifax, N.S.	Kentville, N.S.

CONCRETE BLOCK PLANTS

Kingston	Sarnia
Richmond Hill	

CONCRETE PIPE PLANTS

Mississauga (Toronto)	London, Ont.
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PRECAST CONCRETE MANHOLES AND SPECIALTY ITEMS

Guelph	Markham (Toronto)
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PAVING AND ROAD-BUILDING

Hamilton, Ont.	Halifax, N.S.
North Bay, Ont.	Kentville, N.S.

READY-MIXED CONCRETE PLANTS

McCord & Company —

Metropolitan Toronto (3 plants)	
Mississauga	Oshawa
Richmond Hill	Ajax

Red-D-Mix Concrete Company —

Hamilton (3 plants)	Milton
Beamsville	Niagara Falls
Brantford	North Bay
Burlington, Ont.	Sarnia
Delhi	St. Catharines
Fort Erie	St. Thomas
Georgetown	Strathroy
Guelph	Welland
London, Ont.	Windsor

DRY-MIX CONCRETE

Toronto

